

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BLACKFORD COUNTY SCHOOLS
BLACKFORD COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
04/25/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-33
Schedule of Leases and Debt	34
Schedule of Capital Assets.....	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	38-40
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	42-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-56
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	58
Corrective Action Plan	59-65
Other Reports.....	66

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Randi L. Libby (Vacant) Greg B. Elkins	07-01-14 to 05-25-17 05-26-17 to 08-13-17 08-14-17 to 06-30-18
Superintendent of Schools	Scot D. Croner Chad A. Yencer	07-01-14 to 06-30-17 07-01-17 to 06-30-18
President of the School Board	John S. Payne Philip N. Jones	01-01-14 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Blackford County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 22, 2018



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Blackford County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated March 22, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Blackford County Schools' Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 22, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

BLACKFORD COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 2,437,765	\$ 11,564,186	\$ 11,274,775	\$ (3,820)	\$ 2,723,356	\$ 11,608,501	\$ 10,800,257	\$ -	\$ 3,531,600
Debt Service	808,068	2,400,719	2,384,195	-	824,592	2,825,234	2,371,000	-	1,278,826
Retirement/Severance Bond Debt Service	367,071	124,520	386,608	-	104,983	428,400	194,571	-	338,812
Capital Projects	47,278	1,389,337	1,067,877	-	368,738	914,177	938,400	350	344,865
School Transportation	118,579	777,539	622,028	-	274,090	646,437	645,513	-	275,014
School Bus Replacement	79,998	236,075	215,289	-	100,784	189,793	109,573	-	181,004
Rainy Day	10,000	-	-	-	10,000	25,031	-	-	35,031
School Lunch	820,162	875,090	916,753	-	778,499	930,562	1,015,506	-	693,555
Textbook Rental	420,641	289,351	411,417	-	298,575	196,352	189,215	-	305,712
Levy Excess	-	1,440	-	-	1,440	-	-	-	1,440
Educational License Plates	3,271	76	534	-	2,813	94	486	-	2,421
Alternative Education	-	2,178	-	-	2,178	6,284	-	-	8,462
BDDF - Early Kindergarten Grant 2015	-	-	-	-	-	25,000	25,359	-	(359)
Kindergarten Countdown 2015	-	5,000	281	-	4,719	-	4,719	-	-
Kindergarten Countdown 2014	4,500	-	4,500	-	-	-	-	-	-
Kindergarten Countdown 2013	3,175	-	3,175	-	-	-	-	-	-
BCCF/K-3 Techno	-	-	-	-	-	30,000	-	-	30,000
Kindergarten Countdown	109	-	109	-	-	-	-	-	-
BCCF - Comp Lit	-	-	-	-	-	2,500	-	-	2,500
JennerJahn Awards	-	-	-	-	-	1,650	1,650	-	-
Wellness Program	-	6,000	1,203	-	4,797	5,800	7,512	-	3,085
Ball Brothers Comprehensive Literacy Model	4,324	4,435	8,619	-	140	-	140	-	-
3M Camp Inv. 14/15	-	2,500	2,500	-	-	-	-	-	-
BCCF - MS Meet Teacher	2,284	-	-	-	2,284	-	-	-	2,284
Science 4U - 2013-14	1,395	-	1,395	-	-	-	-	-	-
BCCF - Red Ribbon	1,500	-	1,500	-	-	-	-	-	-
2014 High Rdg Camp	-	6,239	6,239	-	-	-	-	-	-
BCCF Camp Invention 2015	-	2,000	2,000	-	-	-	-	-	-
Econ. Development Donation	-	-	-	-	-	17,000	17,099	-	(99)
Camp Invention	-	-	-	-	-	5,000	-	-	5,000
Mentoring Moms	1,866	-	-	-	1,866	-	-	-	1,866
Miscellaneous Programs	-	-	-	-	-	20,000	4,292	-	15,708
CAPE Caryover	1,098	-	-	-	1,098	-	-	-	1,098
Formative Assessment	-	-	-	-	-	5,075	5,075	-	-

BLACKFORD COUNTY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
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For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Gifted and Talented	16,615	-	16,615	-	-	-	-	-	-
Gifted and Talented 14-15	-	30,972	10,025	-	20,947	-	19,607	-	1,340
Teacher Quality Improvement Program	-	-	-	-	-	31,972	9,571	-	22,401
Secured Schools Safety Grant	-	35,124	59,840	-	(24,716)	25,111	51,680	-	(51,285)
Non-English Speaking Programs	3,217	-	-	-	3,217	-	-	-	3,217
School Technology	-	60,342	29,099	-	31,243	13,912	43,073	-	2,082
Excess PTRC Distributions	245,877	-	245,877	-	-	-	-	-	-
Title I	(24,631)	60,565	35,934	-	-	-	-	-	-
14 - 15 Title I	-	346,022	355,271	-	(9,249)	45,322	36,073	-	-
Title I 2015 - 2016	-	-	-	-	-	316,796	383,785	-	(66,989)
CO-OP	(35,290)	110,960	74,529	(1,141)	-	-	-	-	-
CO-OP TA01 Prof Dev	-	-	2,803	-	(2,803)	2,803	-	-	-
CO-OP 2014 - 2015	-	345,053	441,049	1,141	(94,855)	148,855	54,000	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	183,121	430,194	-	(247,073)
Area 18 Perkins 2014-15	-	11,229	11,229	-	-	-	-	-	-
15-16 Perkins	-	-	-	-	-	10,000	10,431	-	(431)
15/16 Perkins Basic Grant	-	-	-	-	-	17,109	17,109	-	-
Medicaid Reimbursement - Federal	96,863	39,338	64,242	3,820	75,779	55,958	117,452	-	14,285
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	-	-	-
Title II 2012-14	494	-	494	-	-	-	-	-	-
Title II 2013-15	-	54,634	58,417	-	(3,783)	27,326	23,543	-	-
Title II 2014-16	-	31,820	46,917	-	(15,097)	38,705	25,179	-	(1,571)
Title II 2015-17	-	-	-	-	-	13,142	17,695	-	(4,553)
Rural Schools and Low Income Program - Pass Through State	-	7,613	7,613	-	-	-	-	-	-
Title VI Rural Low-Income	(8,000)	34,508	27,606	-	(1,098)	1,098	-	-	-
Title IV 14-15 RLIS	-	15,718	21,129	-	(5,411)	28,740	26,452	-	(3,123)
RLIS 15-17	-	-	-	-	-	4,643	11,421	-	(6,778)
Title III - English Proficiency Migrant	892	-	-	-	892	-	-	-	892
Clearing Accounts	244,542	10,249,429	10,294,318	-	199,653	9,841,034	9,853,226	-	187,461
Totals	<u>\$ 5,673,663</u>	<u>\$ 29,120,012</u>	<u>\$ 29,114,004</u>	<u>\$ -</u>	<u>\$ 5,679,671</u>	<u>\$ 28,688,537</u>	<u>\$ 27,460,858</u>	<u>\$ 350</u>	<u>\$ 6,907,700</u>

The notes to the financial statement are an integral part of this statement.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in

BLACKFORD COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant fund expenditures that have not been reimbursed by June 30, 2015 and 2016.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Blackford County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the school years ended June 30, 2015 and 2016, totaled \$2,371,500 and \$2,371,000, respectively.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 2,437,765	\$ 808,068	\$ 367,071	\$ 47,278	\$ 118,579	\$ 79,998	\$ 10,000	\$ 820,162
Receipts:								
Local sources	55,589	2,308,523	124,520	1,349,242	755,472	229,668	-	286,293
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,396,404	-	-	-	-	-	-	7,330
Federal sources	64,665	-	-	-	-	-	-	581,241
Other receipts	47,528	92,196	-	40,095	22,067	6,407	-	226
Total receipts	11,564,186	2,400,719	124,520	1,389,337	777,539	236,075	-	875,090
Disbursements:								
Instruction	6,287,158	-	-	-	-	-	-	-
Support services	4,835,770	-	-	587,876	622,028	215,289	-	-
Noninstructional services	151,847	-	-	-	-	-	-	916,753
Facilities acquisition and construction	-	-	-	480,001	-	-	-	-
Debt service	-	2,384,195	386,608	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,274,775	2,384,195	386,608	1,067,877	622,028	215,289	-	916,753
Excess (deficiency) of receipts over disbursements	289,411	16,524	(262,088)	321,460	155,511	20,786	-	(41,663)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(3,820)	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,820)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	285,591	16,524	(262,088)	321,460	155,511	20,786	-	(41,663)
Cash and investments - ending	\$ 2,723,356	\$ 824,592	\$ 104,983	\$ 368,738	\$ 274,090	\$ 100,784	\$ 10,000	\$ 778,499

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	BDDF - Early Kindergarten Grant 2015	Kindergarten Countdown 2015	Kindergarten Countdown 2014	Kindergarten Countdown 2013
Cash and investments - beginning	\$ 420,641	\$ -	\$ 3,271	\$ -	\$ -	\$ -	\$ 4,500	\$ 3,175
Receipts:								
Local sources	214,955	1,440	-	-	-	5,000	-	-
Intermediate sources	-	-	76	-	-	-	-	-
State sources	72,696	-	-	2,178	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	1,700	-	-	-	-	-	-	-
Total receipts	289,351	1,440	76	2,178	-	5,000	-	-
Disbursements:								
Instruction	-	-	-	-	-	281	4,500	3,175
Support services	411,417	-	534	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	411,417	-	534	-	-	281	4,500	3,175
Excess (deficiency) of receipts over disbursements	(122,066)	1,440	(458)	2,178	-	4,719	(4,500)	(3,175)
Other financing sources (uses):								
Transfers in	285,451	-	-	-	-	-	-	-
Transfers out	(285,451)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(122,066)	1,440	(458)	2,178	-	4,719	(4,500)	(3,175)
Cash and investments - ending	\$ 298,575	\$ 1,440	\$ 2,813	\$ 2,178	\$ -	\$ 4,719	\$ -	\$ -

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	BCCF/K-3 Techno	Kindergarten Countdown	BCCF - Comp Lit	JennerJahn Awards	Wellness Program	Ball Brothers Comprehensive Literacy Model	3M Camp Inv. 14/15	BCCF - MS Meet Teacher
Cash and investments - beginning	\$ -	\$ 109	\$ -	\$ -	\$ -	\$ 4,324	\$ -	\$ 2,284
Receipts:								
Local sources	-	-	-	-	6,000	4,435	2,500	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	6,000	4,435	2,500	-
Disbursements:								
Instruction	-	109	-	-	-	-	2,500	-
Support services	-	-	-	-	1,203	8,619	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	109	-	-	1,203	8,619	2,500	-
Excess (deficiency) of receipts over disbursements	-	(109)	-	-	4,797	(4,184)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(109)	-	-	4,797	(4,184)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 4,797	\$ 140	\$ -	\$ 2,284

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2015

	Science 4U - 2013-14	BCCF - Red Ribbon	2014 High Rdg Camp	BCCF Camp Invention 2015	Econ. Development Donation	Camp Invention	Mentoring Moms	Miscellaneous Programs
Cash and investments - beginning	\$ 1,395	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,866	\$ -
Receipts:								
Local sources	-	-	6,239	2,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	6,239	2,000	-	-	-	-
Disbursements:								
Instruction	1,395	1,500	-	2,000	-	-	-	-
Support services	-	-	6,239	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,395	1,500	6,239	2,000	-	-	-	-
Excess (deficiency) of receipts over disbursements	(1,395)	(1,500)	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,395)	(1,500)	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,866	\$ -

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	CAPE Carryover	Formative Assessment	Gifted and Talented	Gifted and Talented 14 - 15	Teacher Quality Improvement Program	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ 1,098	\$ -	\$ 16,615	\$ -	\$ -	\$ -	\$ 3,217	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	27,802
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	30,972	-	35,124	-	6,329
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	26,211
Total receipts	-	-	-	30,972	-	35,124	-	60,342
Disbursements:								
Instruction	-	-	15,865	5,245	-	-	-	18,344
Support services	-	-	750	4,780	-	59,840	-	10,755
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	16,615	10,025	-	59,840	-	29,099
Excess (deficiency) of receipts over disbursements	-	-	(16,615)	20,947	-	(24,716)	-	31,243
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(16,615)	20,947	-	(24,716)	-	31,243
Cash and investments - ending	\$ 1,098	\$ -	\$ -	\$ 20,947	\$ -	\$ (24,716)	\$ 3,217	\$ 31,243

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Excess PTRC Distributions	Title I	14 - 15 Title I	Title I 2015 - 2016	CO-OP	CO-OP TA01 Prof Dev	CO-OP 2014 - 2015	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 245,877	\$ (24,631)	\$ -	\$ -	\$ (35,290)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	60,565	346,022	-	110,960	-	345,053	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	60,565	346,022	-	110,960	-	345,053	-
Disbursements:								
Instruction	-	13,254	106,469	-	74,529	-	441,049	-
Support services	-	22,680	248,769	-	-	2,803	-	-
Noninstructional services	-	-	33	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	245,877	-	-	-	-	-	-	-
Total disbursements	245,877	35,934	355,271	-	74,529	2,803	441,049	-
Excess (deficiency) of receipts over disbursements	(245,877)	24,631	(9,249)	-	36,431	(2,803)	(95,996)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	1,141	-
Transfers out	-	-	-	-	(1,141)	-	-	-
Total other financing sources (uses)	-	-	-	-	(1,141)	-	1,141	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(245,877)	24,631	(9,249)	-	35,290	(2,803)	(94,855)	-
Cash and investments - ending	\$ -	\$ -	\$ (9,249)	\$ -	\$ -	\$ (2,803)	\$ (94,855)	\$ -

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Area 18 Perkins 2014-15	15-16 Perkins	15/16 Perkins Basic Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II 2012-14	Title II 2013-15	Title II 2014-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 96,863	\$ -	\$ 494	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	11,229	-	-	39,338	-	-	54,634	31,820
Other receipts	-	-	-	-	-	-	-	-
Total receipts	11,229	-	-	39,338	-	-	54,634	31,820
Disbursements:								
Instruction	11,229	-	-	-	-	-	25,978	16,267
Support services	-	-	-	64,242	-	494	32,439	30,650
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,229	-	-	64,242	-	494	58,417	46,917
Excess (deficiency) of receipts over disbursements	-	-	-	(24,904)	-	(494)	(3,783)	(15,097)
Other financing sources (uses):								
Transfers in	-	-	-	3,820	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	3,820	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(21,084)	-	(494)	(3,783)	(15,097)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 75,779	\$ -	\$ -	\$ (3,783)	\$ (15,097)

BLACKFORD COUNTY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2015

	Title II 2015-17	Rural Schools and Low Income Program - Pass Through State	Title VI Rural Low- Income	Title IV 14-15 RLIS	RLIS 15-17	Title III - English Proficiency Migrant	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (8,000)	\$ -	\$ -	\$ 892	\$ 244,542	\$ 5,673,663
Receipts:								
Local sources	-	-	-	-	-	-	-	5,379,678
Intermediate sources	-	-	-	-	-	-	-	76
State sources	-	-	-	-	-	-	-	11,551,033
Federal sources	-	7,613	34,508	15,718	-	-	-	1,703,366
Other receipts	-	-	-	-	-	-	10,249,429	10,485,859
Total receipts	-	7,613	34,508	15,718	-	-	10,249,429	29,120,012
Disbursements:								
Instruction	-	-	12,081	14,763	-	-	-	7,057,691
Support services	-	7,613	15,525	6,366	-	-	-	7,196,681
Noninstructional services	-	-	-	-	-	-	-	1,068,633
Facilities acquisition and construction	-	-	-	-	-	-	-	480,001
Debt service	-	-	-	-	-	-	-	2,770,803
Nonprogrammed charges	-	-	-	-	-	-	10,294,318	10,540,195
Total disbursements	-	7,613	27,606	21,129	-	-	10,294,318	29,114,004
Excess (deficiency) of receipts over disbursements	-	-	6,902	(5,411)	-	-	(44,889)	6,008
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	290,412
Transfers out	-	-	-	-	-	-	-	(290,412)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,902	(5,411)	-	-	(44,889)	6,008
Cash and investments - ending	\$ -	\$ -	\$ (1,098)	\$ (5,411)	\$ -	\$ 892	\$ 199,653	\$ 5,679,671

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 2,723,356	\$ 824,592	\$ 104,983	\$ 368,738	\$ 274,090	\$ 100,784	\$ 10,000	\$ 778,499
Receipts:								
Local sources	59,390	2,825,234	428,400	914,177	646,345	189,793	25,031	259,653
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,475,781	-	-	-	-	-	-	8,001
Federal sources	65,721	-	-	-	-	-	-	629,390
Other receipts	7,609	-	-	-	92	-	-	33,518
Total receipts	11,608,501	2,825,234	428,400	914,177	646,437	189,793	25,031	930,562
Disbursements:								
Instruction	6,153,164	-	-	-	-	-	-	-
Support services	4,433,006	-	-	809,953	645,513	109,573	-	34,117
Noninstructional services	203,649	-	-	-	-	-	-	981,389
Facilities acquisition and construction	-	-	-	128,447	-	-	-	-
Debt service	-	2,371,000	194,571	-	-	-	-	-
Nonprogrammed charges	10,438	-	-	-	-	-	-	-
Total disbursements	10,800,257	2,371,000	194,571	938,400	645,513	109,573	-	1,015,506
Excess (deficiency) of receipts over disbursements	808,244	454,234	233,829	(24,223)	924	80,220	25,031	(84,944)
Other financing sources (uses):								
Sale of capital assets	-	-	-	350	-	-	-	-
Transfers in	-	2,060,591	271,960	-	-	-	-	649,727
Transfers out	-	(2,060,591)	(271,960)	-	-	-	-	(649,727)
Total other financing sources (uses)	-	-	-	350	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	808,244	454,234	233,829	(23,873)	924	80,220	25,031	(84,944)
Cash and investments - ending	\$ 3,531,600	\$ 1,278,826	\$ 338,812	\$ 344,865	\$ 275,014	\$ 181,004	\$ 35,031	\$ 693,555

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	BDDF - Early Kindergarten Grant 2015	Kindergarten Countdown 2015	Kindergarten Countdown 2014	Kindergarten Countdown 2013
Cash and investments - beginning	\$ 298,575	\$ 1,440	\$ 2,813	\$ 2,178	\$ -	\$ 4,719	\$ -	\$ -
Receipts:								
Local sources	119,249	-	-	-	25,000	-	-	-
Intermediate sources	-	-	94	-	-	-	-	-
State sources	77,103	-	-	6,284	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	196,352	-	94	6,284	25,000	-	-	-
Disbursements:								
Instruction	-	-	-	-	25,359	4,719	-	-
Support services	189,136	-	486	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	79	-	-	-	-	-	-	-
Total disbursements	189,215	-	486	-	25,359	4,719	-	-
Excess (deficiency) of receipts over disbursements	7,137	-	(392)	6,284	(359)	(4,719)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	100,631	-	-	-	-	-	-	-
Transfers out	(100,631)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,137	-	(392)	6,284	(359)	(4,719)	-	-
Cash and investments - ending	\$ 305,712	\$ 1,440	\$ 2,421	\$ 8,462	\$ (359)	\$ -	\$ -	\$ -

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	BCCF/K-3 Techno	Kindergarten Countdown	BCCF - Comp Lit	JennerJahn Awards	Wellness Program	Ball Brothers Comprehensive Literacy Model	3M Camp Inv. 14/15	BCCF - MS Meet Teacher
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 4,797	\$ 140	\$ -	\$ 2,284
Receipts:								
Local sources	30,000	-	2,500	1,650	5,800	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	30,000	-	2,500	1,650	5,800	-	-	-
Disbursements:								
Instruction	-	-	-	-	-	140	-	-
Support services	-	-	-	-	7,512	-	-	-
Noninstructional services	-	-	-	1,650	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,650	7,512	140	-	-
Excess (deficiency) of receipts over disbursements	30,000	-	2,500	-	(1,712)	(140)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,000	-	2,500	-	(1,712)	(140)	-	-
Cash and investments - ending	\$ 30,000	\$ -	\$ 2,500	\$ -	\$ 3,085	\$ -	\$ -	\$ 2,284

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Science 4U - 2013-14	BCCF - Red Ribbon	2014 High Rdg Camp	BCCF Camp Invention 2015	Econ. Development Donation	Camp Invention	Mentoring Moms	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,866	\$ -
Receipts:								
Local sources	-	-	-	-	17,000	5,000	-	20,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	17,000	5,000	-	20,000
Disbursements:								
Instruction	-	-	-	-	17,099	-	-	4,292
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	17,099	-	-	4,292
Excess (deficiency) of receipts over disbursements	-	-	-	-	(99)	5,000	-	15,708
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(99)	5,000	-	15,708
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (99)	\$ 5,000	\$ 1,866	\$ 15,708

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	CAPE Carryover	Formative Assessment	Gifted and Talented	Gifted and Talented 14 - 15	Teacher Quality Improvement Program	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ 1,098	\$ -	\$ -	\$ 20,947	\$ -	\$ (24,716)	\$ 3,217	\$ 31,243
Receipts:								
Local sources	-	-	-	-	-	-	-	10,588
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	5,075	-	-	31,972	25,111	-	3,324
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	5,075	-	-	31,972	25,111	-	13,912
Disbursements:								
Instruction	-	5,075	-	20,549	7,123	-	-	5,000
Support services	-	-	-	(942)	2,448	51,680	-	38,073
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	5,075	-	19,607	9,571	51,680	-	43,073
Excess (deficiency) of receipts over disbursements	-	-	-	(19,607)	22,401	(26,569)	-	(29,161)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(19,607)	22,401	(26,569)	-	(29,161)
Cash and investments - ending	\$ 1,098	\$ -	\$ -	\$ 1,340	\$ 22,401	\$ (51,285)	\$ 3,217	\$ 2,082

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Excess PTRC Distributions	Title I	14 - 15 Title I	Title I 2015 - 2016	CO-OP	CO-OP TA01 Prof Dev	CO-OP 2014 - 2015	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ -	\$ (9,249)	\$ -	\$ -	\$ (2,803)	\$ (94,855)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	45,322	316,796	-	2,803	148,855	183,121
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	45,322	316,796	-	2,803	148,855	183,121
Disbursements:								
Instruction	-	-	10,640	135,333	-	-	54,000	430,194
Support services	-	-	25,433	248,452	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	36,073	383,785	-	-	54,000	430,194
Excess (deficiency) of receipts over disbursements	-	-	9,249	(66,989)	-	2,803	94,855	(247,073)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	9,249	(66,989)	-	2,803	94,855	(247,073)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (66,989)	\$ -	\$ -	\$ -	\$ (247,073)

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Area 18 Perkins 2014-15	15-16 Perkins	15/16 Perkins Basic Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II 2012-14	Title II 2013-15	Title II 2014-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 75,779	\$ -	\$ -	\$ (3,783)	\$ (15,097)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	10,000	17,109	55,958	-	-	27,326	38,705
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	10,000	17,109	55,958	-	-	27,326	38,705
Disbursements:								
Instruction	-	10,431	14,623	-	-	-	2,543	31,278
Support services	-	-	2,486	117,452	-	-	20,727	(6,099)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	273	-
Total disbursements	-	10,431	17,109	117,452	-	-	23,543	25,179
Excess (deficiency) of receipts over disbursements	-	(431)	-	(61,494)	-	-	3,783	13,526
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(431)	-	(61,494)	-	-	3,783	13,526
Cash and investments - ending	\$ -	\$ (431)	\$ -	\$ 14,285	\$ -	\$ -	\$ -	\$ (1,571)

BLACKFORD COUNTY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II 2015-17	Rural Schools and Low Income Program - Pass Through State	Title VI Rural Low- Income	Title IV 14-15 RLIS	RLIS 15-17	Title III - English Proficiency Migrant	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,098)	\$ (5,411)	\$ -	\$ 892	\$ 199,653	\$ 5,679,671
Receipts:								
Local sources	-	-	-	-	-	-	-	5,584,810
Intermediate sources	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	11,632,651
Federal sources	13,142	-	1,098	28,740	4,643	-	-	1,588,729
Other receipts	-	-	-	-	-	-	9,841,034	9,882,253
Total receipts	13,142	-	1,098	28,740	4,643	-	9,841,034	28,688,537
Disbursements:								
Instruction	17,695	-	-	20,396	-	-	-	6,969,653
Support services	-	-	-	6,056	11,421	-	-	6,746,483
Noninstructional services	-	-	-	-	-	-	-	1,186,688
Facilities acquisition and construction	-	-	-	-	-	-	-	128,447
Debt service	-	-	-	-	-	-	-	2,565,571
Nonprogrammed charges	-	-	-	-	-	-	9,853,226	9,864,016
Total disbursements	17,695	-	-	26,452	11,421	-	9,853,226	27,460,858
Excess (deficiency) of receipts over disbursements	(4,553)	-	1,098	2,288	(6,778)	-	(12,192)	1,227,679
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	350
Transfers in	-	-	-	-	-	-	-	3,082,909
Transfers out	-	-	-	-	-	-	-	(3,082,909)
Total other financing sources (uses)	-	-	-	-	-	-	-	350
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,553)	-	1,098	2,288	(6,778)	-	(12,192)	1,228,029
Cash and investments - ending	\$ (4,553)	\$ -	\$ -	\$ (3,123)	\$ (6,778)	\$ 892	\$ 187,461	\$ 6,907,700

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Blackford County School Building Corporation	Additions and Renovations	\$ 2,371,000	12/31/2005	12/31/2017
Dell Financial Services LP	Dell Computer Lease	<u>246,402</u>	4/1/2014	4/1/2017
Total of annual lease payments		<u>\$ 2,617,402</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
General obligation bonds	Pension Severance Debt	<u>\$ 842,032</u>	<u>\$ 169,239</u>

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 135,000
Buildings	66,545,316
Improvements other than buildings	4,416,307
Machinery, equipment, and vehicles	<u>6,851,314</u>
Total capital assets	<u>\$ 77,947,937</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Blackford County Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-005, and 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, and 2016-006 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 22, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15 FY 15-16	\$ - -	\$ 119,867 -	\$ - -	\$ - 140,187
Total - School Breakfast Program				-	119,867	-	140,187
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15 FY 15-16	- -	457,594 -	- -	- 483,704
National School Lunch Program - Commodities			FY 14-16	-	62,345	-	58,830
Total - National School Lunch Program				-	519,939	-	542,534
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15 FY 15-16	- -	3,780 -	- -	- 5,499
Total - Summer Food Service Program for Children				-	3,780	-	5,499
Total - Child Nutrition Cluster				-	643,586	-	688,220
Total - Department of Agriculture				-	643,586	-	688,220
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14214-010-PN01 14215-010-PN01 14216-010-PN01 99914-10-TA01	- - - -	110,960 345,053 - -	- - - -	- 148,855 183,121 2,803
Total - Special Education Grants to States				-	456,013	-	334,779
Special Education Preschool Grants	Indiana Department of Education	84.173	45714-010-PN01 45715-010-PN01 45716-008-PN01	- - -	7,196 18,852 -	- - -	- 11,340 19,975
Total - Special Education Preschool Grants				-	26,048	-	31,315
Total - Special Education Cluster (IDEA)				-	482,061	-	366,094

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-0515 15-0515 16-0515	- - -	60,565 346,022 -	- - -	- 45,322 316,796
Total - Title I Grants to Local Educational Agencies				-	406,587	-	362,118
Career and Technical Education -- Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048	14-4700-8445 15-4700-8445	- -	11,229 -	- -	- 27,109
Total - Career and Technical Education -- Basic Grants to States				-	11,229	-	27,109
Rural Education	Indiana Department of Education	84.358	FY12-14 FY13-15 FY14-16 FY15-17	- - - -	7,613 34,508 15,718 -	- - - -	- 1,098 21,501 11,882
Total - Rural Education				-	57,839	-	34,481
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	13-0515 14-0515 15-0515	- - -	54,634 31,820 -	- - -	27,326 38,705 13,142
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	86,454	-	79,173
Total - Department of Education				-	1,044,170	-	868,975
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778	FY 14-15 FY 15-16	- -	39,338 -	- -	- 55,958
Total - Medicaid Cluster				-	39,338	-	55,958
Total - Department of Health and Human Services				-	39,338	-	55,958
Total federal awards expended				\$ -	\$ 1,727,094	\$ -	\$ 1,613,153

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BLACKFORD COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. *Special Education Cooperative*

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	yes
--	-----

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-001.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context

During the audit of the SEFA, the following errors were noted:

1. The School Corporation did not report commodity amounts for the National School Lunch Program. The commodities were \$62,345 and \$58,830 for the years ending June 30, 2015 and 2016, respectively.
2. The School Corporation reported amounts passed through to subrecipients when there should have been none reported. The passed through to subrecipients were overstated \$1,624,496 and \$1,397,903 for the years ending June 30, 2015 and 2016, respectively.
3. During the fiscal year ending June 30, 2015, the Child Nutrition Cluster was overstated \$293,847; Special Education Cluster (IDEA) was understated \$27,189; Rural Education was understated \$15,718; the Medicaid Cluster was omitted in the amount of \$39,338; and \$35,124 of state grants were included.
4. During the fiscal year ending June 30, 2016, the Child Nutrition Cluster was overstated \$267,878; Special Education Cluster (IDEA) was understated \$107,877; Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) was understated \$17,696; the Medicaid Cluster was omitted in the amount of \$55,958; and \$25,111 of state grants were included.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § ____ .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

Internal controls over bank reconciliations were inadequate during the audit period. Reconcilements were not adequately detailed or summarized and documentation was insufficient and not directly compared with the Fund Report. Reconcilements lacked documented review and approval. The School Corporation's internal control was that bank reconcilements were to be accurate, adequately documented, and signed and dated by the preparer. The reviewer of the reconciliation was to sign and date the reconciliation. Available records failed to provide evidence that these internal controls were being applied to month-end bank reconcilements.

Context

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, any bank reconciliation issues.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: School Breakfast Program and National School Lunch Program - Cash Management

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Other Matters

Condition

The School Lunch fund cash balances throughout the audit period exceeded the three months average expenditures. An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

Context

During the audit period, every month exceeded the three months average expenditures.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

- (iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

Management had not developed a proper system of internal controls to ensure compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within the internal control system resulted in noncompliance and allowed the potential misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Procurement, Suspension and Debarment, Reporting,
Special Tests and Provisions - Verification of Free and
Reduced Price Applications (NSLP), Special Tests and
Provisions - School Food Accounts

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

Eligibility

There was no documentation that supported that there were controls in place over Eligibility. With no documentation supporting internal controls, it was determined that there were no controls over Eligibility.

Procurement and Suspension and Debarment

The compliance requirement is primarily handled by the Region 8 Co-op; however, any vendor recommended by the Region 8 Co-op has to be approved by the School Board. Review of the 2014, 2015, and 2016 School Board Minutes showed no approval for the recommended vendors. The lack of review and approval indicated that there was no control over Procurement and Suspension and Debarment.

Reporting

There was no documentation that supported that there were controls in place over Reporting for the Annual Financial Report and the School Food Authority (SFA) Verification Collection Report. There was no documentation supporting internal controls.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
(School Breakfast Program and National School Lunch Program)*

There was no documentation that supported that there were controls in place over eligibility testing and verifications. There was no documentation supporting internal controls.

Special Tests and Provisions - School Food Accounts

The Treasurer was the only individual verifying that rebates and reimbursements were being recorded promptly and into the correct account. The School Food Accounts were not reconciled between the Food Service balances and the Treasurer's ledgers at any point during the audit period. This constituted a lack of internal control over the Special Tests and Provisions - School Food Accounts compliance requirement.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of internal controls over the compliance requirements above was a systemic problem.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation used the Paid Lunch Equity tool for fiscal year 2015, but did not retain the calculations on how to adjust its weighted average paid lunch prices. In fiscal year 2016, the School Corporation calculated and retained Paid Lunch Equity calculations, but did not increase prices to adjust its weighted average paid lunch prices. There was no documented review of the calculations or proper application of the weighted average paid lunch prices. An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Context

The School Corporation did not meet the requirements in either year for Paid Lunch Equity.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year."

Cause

Management had not developed a system of internal controls that segregated key functions or that ensured the maintenance of proper supporting documentation.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system resulted in noncompliance and allowed the potential misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-006

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability
Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-0515, 15-0515, 16-0515
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Comparability compliance requirement.

During the fiscal year 2015, one person prepared and submitted the Comparability report without oversight, review, or an approval process to ensure the report was accurate.

During the fiscal year 2016, the Comparability report was not completed at the School Corporation level, nor was supporting documentation provided to us for review.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. There were no documented controls over the compliance requirement noted in the *Condition* throughout the audit period.

The School Corporation was not able to provide us with the proper Comparability report for fiscal year 2016, demonstrating the required filing of this report.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

BLACKFORD COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
..."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

34 CFR 76.700 states: "A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

Indiana Department of Education Title I Comparability of Services Handbook states:

"All LEAs must complete comparability yearly and submit information to the SEA every two years for compliance with the comparability requirement. Also, Title I LEAs must develop procedures for compliance with the comparability requirement and implement those procedures annually."

Cause

The School Corporation had not established a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Comparability compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with the Special Tests and Provisions - Comparability compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



Blackford County Schools

Our Mission:

**Educating Students,
Changing the World**

Administrative Office

Chad Yencer

Superintendent

Greg Elkins

Assistant Superintendent

James Trinkle II

Special Services Coordinator

0668 West 200 South
Hartford City, IN 47348
Phone: 765.348.7550
Fax: 765.348.5361
www.bcs.k12.in.us

Blackford High School

Scott Shimer, Principal

Phone: 765.348.7560

Blackford Junior

High School

Casey McVicker, Principal

Phone: 765.348.7590

Montpelier School

Grades K-6

Jim Fox, Principal

Phone: 765.728.2402

Northside School

Grades 4-6

Kevin Biddle, Principal

Phone: 765.348.7595

Southside School

Grades K-3

Craig Campbell, Principal

Phone: 765.348.7584

Summary Schedule of Prior Audit Findings

Auditee Disclaimer: All personnel, with the exception of Deputy Treasurer who began employment September of 2015, are no longer employed by the district.

Finding 2014-002

- Payroll specialist processes all Title I payments to employees' accounts.
- Accounts payable specialist processes the payroll docket for each month. Accounting system (Skyward) identifies the fund/account from which employee is paid. Deputy Treasurer and/or Treasurer reviews the pay docket. Docket is approved at monthly school board meeting, signed by members, signed by Treasurer.
- School improvement plans are updated annually by building administrators and SIP Committees.
- Principals report to school board in regular session as evidence by meeting minutes.
- SIP's are submitted to IDOE as needed/required.

Finding 2014-003, 2014-004

- For the school years 2016-17 and 2017-18, the district utilizes Title 1 funds for Instructional Coaches only (of the certified teachers paid through Title funds.) These positions do not require substitute teachers as they serve all three elementary and do not have assigned student rosters.
- Time and Effort logs are collected by the Treasurer and kept on file for all classified staff members paid through Title 1 funds. These logs are completed at the building level by employee and submitted by building administration to central office.
- Preparation of Request for Reimbursement and Annual Expense Report: The superintendent, treasurer, and deputy treasurer have established a schedule for submission on the 1st and 15th of every month. The superintendent and treasurer review fund balances and receipts of all corporation funding on a 5-8 business day schedule. The treasurer and deputy treasurer review, sign, and submit all reimbursement and expense reports.

Name

Signature

Title

Date

Greg Elkins
[Signature]
Treasurer
2/9/2018



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Grades K-3

Craig Campbell, Principal

Phone: 765.348.7584

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Greg Elkins

Contact Phone Number: 765-348-7550

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA were not detected.

Views of Responsible Official: We concur with this finding

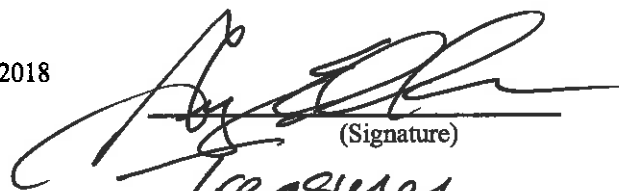
Cause: Previous lack of frequent fund reconciliation and lack of separated job responsibilities and internal controls.

Description of Corrective Action Plan:

1. Corporation will continue to report commodities on SEFA.
2. Treasurer, Deputy Treasurer, and Food Service Director will continue to check and reconcile on a monthly basis that pass-through recipient amounts are zero.
3. Treasurer, Deputy Treasurer, and Food Service Director will continue to reconcile monthly receipts and expenditures for Child Nutrition Cluster, Special Education Cluster, Rural Education, and Medicaid Clusters and ensure balances are acceptable amounts based on Federal guidelines.
4. Treasurer, Deputy Treasurer, and Food Service Director will continue to reconcile monthly receipts and expenditures for Child Nutrition Cluster, Special Education Cluster, Supporting Education Cluster, and Medicaid Clusters and ensure balances are acceptable amounts based on Federal guidelines.
5. All account balances and reconciliations are to be viewed, approved, and signed by Treasurer, Deputy Treasurer, and Food Service Director.

Regular, monthly reconciliation, with checks and approvals by Treasurer, Deputy Treasurer, and Food Service Director will ensure accounts are in acceptable balance, and zero if necessary.

Anticipated Completion Date: June 30, 2018


(Signature)
Treasurer
(Title)
3/30/2018
(Date)

FINDING 2016-002

Contact Person Responsible for Corrective Action: Greg Elkins

Contact Phone Number: 765-348-7550

Internal controls over bank reconciliations were inadequate during the audit period. Reconcilements were not adequately detailed or summarized, documentation was insufficient and not directly compared with the Fund Report. Reconcilements lacked documented review and approval. The School Corporation's internal control was that bank reconcilements were to be accurate, adequately documented, and signed and dated by the preparer. The reviewer of the reconciliation was to sign and date the reconciliation. Available records failed to provide evidence that these internal controls were being applied to month-end bank reconcilements.

Views of Responsible Official: We concur with this finding

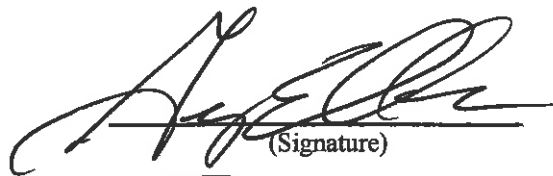

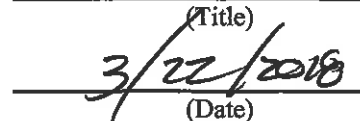
Cause: Management of the School Corporation had not established a proper system of internal control.

Description of Corrective Action Plan:

1. All bank reconciliations following the audit period are currently available in hard copy files and electronic files.
2. Treasurer & Deputy Treasurer will continue to review end of month reconciliations. Deputy Treasurer prepares the report and the Treasurer approves and signs off.

Appropriate record keeping and oversight (internal controls) are in place.

Anticipated Completion Date: Immediate


(Signature)

(Title)

(Date)

FINDING 2016-003

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 765-348-7550

The School Lunch Fund cash balances throughout the audit period exceeded the three months average expenditures. An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. The School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the Cash Management compliance requirement. The School Corporation is required to report to the Indiana Department of Education (IDOE) with a plan, including a timeline, on how the School Corporation is going to spend down the excess funds.

Views of Responsible Official: We concur with this finding

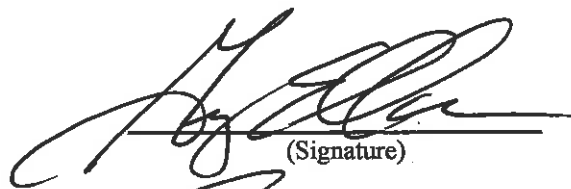

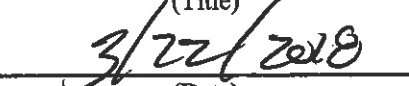
Cause: Management had not developed a system of internal controls that segregated key functions or that ensured the maintenance of proper supporting documentation.

Description of Corrective Action Plan:

1. Deputy Treasurer and Food Service Director will both now receive automated notification of student withdrawals from enrollment. If that students has a pre-paid lunch account balance, Deputy Treasurer will notify Treasurer and issue a check to the parent/guardian at the last known address on record.
2. Deputy Treasurer and Food Service Director will continue to review end of month reconciliations. Deputy Treasurer will transfer excess balances from pre-paid accounts to the general food service account. Treasurer will be notified and sign off on account balance transfer. Pre-paid balances will also be used to pay off credit/charge balances.
3. Treasurer, Food Service Director, and Building & Grounds Director will identify capital improvement needs in the food service program and begin the process of obtaining IDOE permission to spend food service funds on capital investments.
4. Treasurer, Food Service Director, and Building & Grounds Director will continue to monitor and identify capital improvement needs in the food service program and obtain IDOE permission to spend food service funds on capital investments.
5. A spend down plan was submitted by the Food Service Director to IDOE Food Service Department in November, 2017.

Appropriate record keeping, account balances and transfers, and oversight (internal controls) are in place.

Anticipated Completion Date: Immediate


(Signature)

(Title)

(Date)

FINDING 2016-004

Contact Person Responsible for Corrective Action: Greg Elkins

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Cause: An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

- Eligibility - There was no documentation that supported that there were controls in place over Eligibility. With no documentation supporting internal controls, it was determined that there were no controls over Eligibility.
- Procurement, Suspension and Debarment - The compliance requirement is primarily handled by the Region 8 Co-op, however any vendor recommended by the Region 8 Co-op has to be approved by the School Board. Review of the 2014, 2015, and 2016 School Board Minutes showed no approval for the recommended vendors. The lack of review and approval indicates that there is no control over Procurement, Suspension and Debarment.
- Reporting - There was no documentation that supported that there were controls in place over Reporting for the Annual Financial Report and the Verification Summary Report. With no documentation supporting internal controls, it was determined that there were no controls over these two reporting requirements.
- Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) - There was no documentation that supported that there were controls in place over eligibility testing and verifications. With no documentation supporting internal controls, it was determined that there were no controls over the eligibility testing and verification.
- Special Tests and Provisions - School Food Accounts (SFA) - The School Corporation Treasurer was the only individual verifying that rebates and reimbursements were being

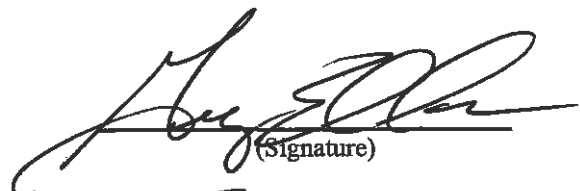

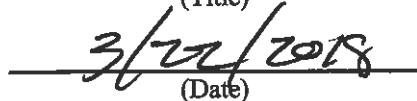
recorded promptly and into the correct account. The School Food Accounts were not reconciled between the Food Service balances and the School Corporation Treasurer's ledgers at any point during the audit period. This constitutes a lack of internal control over this Special Tests and Provisions - School Food Accounts (SFA) compliance requirement.

Description of Corrective Action Plan:

1. Food Service director will provide vendor information from Region 8 Co-Op to Treasurer who will present to the Board of School Trustees at regular monthly meetings for consideration and approval all vendor recommendations and purchases.
2. Deputy Treasurer and Food Service Director will both now receive automated notification of student withdrawals from enrollment. If that students has a pre-paid lunch account balance, Deputy Treasurer will notify Treasurer and issue a check to the parent/guardian at the last known address on record.
3. Food Service Director, Treasurer, and Deputy Treasurer will collaborate on all Annual Financial Report preparation, with Treasurer having final sign off before submission to governing agency.
4. Free and Reduced Price applications are now part of the automated, online registration process for Blackford County Schools. Food Service director receives automated documentation of the application and places student into the program. The Treasurer and District Extra Curricular Accounts Treasurer also verify this list during the Curricular Materials Support Application with IDOE during the fall of each school year.

Appropriate record keeping, account balances and transfers, and oversight (internal controls) are in place.

Anticipated Completion Date: Immediate


(Signature)

(Title)

(Date)

FINDING 2016-005

Contact Person Responsible for Corrective Action: Greg Elkins
Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Cause: The School Corporation used the Paid Lunch Equity tool for fiscal year 2014-15 but did not retain the calculations on how to adjust their weighted average paid lunch prices. In fiscal year 2015-16, the School Corporation calculated and retained Paid Lunch Equity calculations but did not increase prices to adjust their weighted average paid lunch prices. There was no documented review of the calculations or proper application of the weighted average paid lunch prices. An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement. The School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Description of Corrective Action Plan:

1. Food Service director will submit to Treasurer adjusted lunch prices for school year 2018-19 who will then present to the Board of School Trustees at a monthly meeting prior to completion of 2017-18 school year for approval of the adjusted prices.
2. Food Service Director will record results of Paid Lunch Equity tool and report these calculations to the Treasurer in hard-copy format.

Anticipated Completion Date: June 30, 2018

FINDING 2016-006

Contact Person Responsible for Corrective Action: Greg Elkins

Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Cause: An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Comparability.

During the fiscal year 2014-15, one person prepared and submitted the Comparability report without oversight, review, or an approval process to ensure the report was accurate.

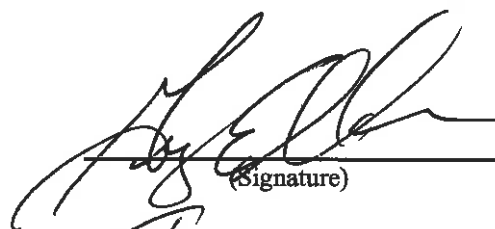
During the fiscal year 2015-16, the Comparability report was not completed at the School Corporation level nor was supporting documentation provided to us for review


Description of Corrective Action Plan:

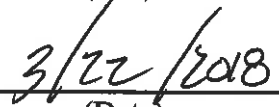
1. The Comparability Report for Title 1 Application (2017) has been submitted as an electronic upload to the IDOE Title 1 application site.
2. A hard copy of the Comparability Report is printed and filed in the current Title I folder which the Deputy Treasurer keeps in her possession.

3. The Comparability Report will be filed electronically and in hard copy form during each Title I application process regardless of whether electronic submission to IDOE is required that year or not.

Anticipated Completion Date: Immediate



(Signature)


(Title)


(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.